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**BEFORE THE DIVISION OF CONSUMER PROTECTION  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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**IN THE MATTER OF:**

Van Winkle Fitness, Inc., d.b.a. Gold's Gym  
West Jordan Fitness, Inc., d.b.a. Gold's Gym  
Sandy Fitness, Inc., d.b.a. Gold's Gym  
Sugarhouse Fitness, Inc., d.b.a. Gold's Gym  
Gold's Gym (North Orem)  
Gold's Gym (Orem II through V)

Respondents.

**SETTLEMENT AGREEMENT**

UDCP Case No.53494

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The Utah Division of Consumer Protection ("Division") and Respondents enter into the following Settlement Agreement.

1. Respondents' Identity. Respondents are Health Spa Facilities located at various addresses in Salt Lake and Utah Counties. The Registered Agent for Respondents is Troy Peterson. The Corporate Offices for Respondents is Gold's Gym of Utah Corporate Office, 1259 South 800 East, Orem, Utah 84097.

2. Jurisdiction. Respondents acknowledge the jurisdiction of the Division over the parties and subject matter of the above referenced matter.

3. Agency Action. In December 2005, the Division commenced an investigation of Respondents and allegations that Respondents violated certain provisions of the Utah Health Spa Services Protection Act, UTAH CODE ANN. §13-23-1 *et seq.* and the Utah Consumer Sales Practices Act, UTAH CODE ANN. §13-11-1 *et seq.* To date the Division has received 80 consumer complaints, attached as Addendum A, which if validated by the Division, could carry a potential maximum fine of \$190,000.00. The Division has initiated a lawsuit to attach both of the Respondents' bonds in the amounts of \$50,000.00 for the old West Jordan fitness center and \$35,000.00 for the old Van Winkle fitness center. Subpoenas were issued to Respondents; however, Respondents have not fully complied with said subpoenas. Respondents and the Division have agreed to settle the investigation into this matter by way of this Settlement Agreement.

4. As used in this settlement:

- a. **“Lifestyles Member”** means A consumer holding an active lifetime membership or active annual renewal membership to a Lifestyles 2000 fitness center or Spa fitness center prior to the purchase of Lifestyles 2000 by Respondents, and the said membership is still active, or would be active had the renewal been accepted by Respondents when the consumer attempted to renew the contract.
- b. The **“old Van Winkle fitness center”** means the Van Winkle fitness center, located at 5580 S. Van Winkle, which the Respondents purchased from Lifestyles 2000.
- c. The **“new Van Winkle fitness center”** means the Van Winkle fitness center, located at 5504 S. Van Winkle, which the Respondents built at the Van Winkle location subsequent to the purchase of the Lifestyles 2000.
- d. The **“old West Jordan fitness center”** means the West Jordan fitness center, located at 7959 S. Redwood Road, which the Respondents purchased from Lifestyles 2000.
- e. The **“new West Jordan fitness center”** means the West Jordan fitness center, located at 7836 S. Redwood Road, which the Respondents built at the West Jordan location subsequent to the purchase of the Lifestyles 2000.
- f. The **“Taylorsville fitness center”** means the new Taylorsville fitness center located at 5345 S. 4015 W., which the Respondents built at the Taylorsville location subsequent to the purchase of the Lifestyles 2000.
- g. The **“Old Sandy fitness center”** means the Sandy fitness center located at 9272 S. 700 E.
- h. The **“New Sandy fitness center”** means the Sandy fitness center located at 8020 S. 1300 E.
- i. The **“West Valley fitness center”** means the West Valley fitness center located at 3952 W. 3500 S.
- j. The **“Sugarhouse fitness center”** means the Sugarhouse fitness center located at 2100 S. 1033 E.
- k. A **“former Lifestyles facility”** means any Lifestyles 2000 fitness center or Spa fitness center purchased in Salt Lake and Utah Counties by Respondents or rebuilt within 5-miles of the former Lifestyles 2000 fitness center by the Respondents.
- l. **“Golds basic level of membership”** means all amenities except racquetball, tennis, and day care, as defined in member contracts.
- m. **“Lifestyles 2000 basic level of membership”** means all amenities except pool, basketball, racquetball, tennis, and day care.

5. Obligations of the Division. The Division agrees to do the following:

Upon execution of this agreement, the Division agrees to terminate its investigation, not administer potential fines, and terminate the related litigation concerning claiming on the Respondents’ surety bonds.

6. Obligations of Respondents.

a. Respondents agree to comply with all of the requirements of the Utah Health Spa Services Protection Act, UTAH CODE ANN. §13-23-1 *et seq.* the Utah Consumer Sales Practices Act, UTAH CODE ANN. §13-11-1 *et seq.* and all other laws and rules administered by the Division.

b. Respondents agree to allow Salt Lake County Lifestyles Members, with a current membership, entry to any of the current 7 Salt Lake County fitness centers (Old Sandy, New Sandy, Sugarhouse, New Van Winkle, New West Jordan, New Taylorsville, and West Valley) to use Respondents' basic level of membership. This level of use will be available for either 6-months or until the Lifestyles Member's current membership expires, which ever is longer, at which time the Lifestyles Member will have the option to either remain with a Lifestyles 2000 basic level of membership, valid at the Old Sandy, Sugarhouse, Taylorsville, New West Jordan & Van Winkle facilities, or upgrade to Respondents' basic level of membership for an additional monthly rate of \$21.00 per month for a single 24-month membership, additional family members at a monthly rate of \$15.00 per member, for a 24-month membership; or upgrade to Respondents' VIP level of membership for an additional \$5.00 per month over and above the upgrade to Respondents' basic level of membership.

Respondents agree to allow Utah County Lifestyles Members, with a current membership, entrance to the North Orem and University Golds fitness centers to use Respondents' basic level of membership. This level of use will be available for either 6-months or until the Lifestyles Member's current membership expires, which ever is longer, at which time the Lifestyles Member will have the option to either remain with a Lifestyles 2000 basic level of membership valid at the North Orem and University Golds fitness centers, or upgrade to Respondents' basic level of membership for an additional monthly rate of \$21.00 per month for a single 24-month membership, additional family members at a monthly rate of \$15.00 per member, for a 24-month membership; or upgrade to Respondents' VIP level of membership for an additional \$5.00 per month over and above the upgrade to Respondents' basic level of membership.

c. Respondents agree that Lifestyles Members located in Salt Lake and Utah Counties that upgraded to a Golds membership prior to this agreement, will have the choice within 30-days after the expiration date of their current upgraded Golds membership, to either resume their original Lifestyles 2000 contract or keep their upgraded Golds contract. Golds will notify Lifestyles Members of this option by mail. Golds will provide the Division with a list of Lifestyles Members that were notified and will keep a record of these notifications on file to facilitate possible future complaints.

d. Respondents agree that Lifestyles Members located in Salt Lake and Utah Counties with Lifestyles lifetime or annual renewal contracts will be able to keep or renew those contracts indefinitely according to the terms of the contract. Respondents will not unilaterally phase out the contracts.

e. Respondents agree that Lifestyles Members located in Salt Lake and Utah Counties that were not allowed to renew their contracts or their renewals were not accepted or were declined by Respondents, will have 60-days to be reinstated. Respondents will notify Lifestyles Members of this option by mail. Respondents will provide the Division with a list of Lifestyles Members that were notified by mail and will keep a record of these notifications to facilitate possible future complaints.

f. Respondents agree to confirm through their database, undocumented memberships of consumers that claim to be Lifestyles Members with currently active memberships or that qualify as a Lifestyles Member per this paragraph 6.

g. Respondents agree to submit to the Division for review, a plan for the disposition of existing members of other Utah Health Clubs that might be acquired in the future by Respondents.

h. Respondents agree to immediately ensure that the new Van Winkle fitness center is properly registered and bonded under their current address, 5504 S. Van Winkle.

i. Respondents agree to a timely response to consumer complaints concerning this matter, received by the Division.

j. Respondents agree to provide the Division with copies of applicable Lifestyles Members' contracts, including amounts paid and number of months each contract is valid. Copies may be provided on CD or other electronic means.

7. Actions by Other Parties. This agreement does not affect the civil claims of parties other than the Division; nor does it preclude enforcement actions by other agencies having jurisdiction over them and their actions.

8. Voluntary Nature of Settlement Agreement. Respondents have entered into this agreement freely and voluntarily without any undue influence of the Division. This agreement constitutes the complete and final agreement regarding all issues presently existing between Respondents and the Division and incorporates all discussions and understandings heretofore undertaken between the parties and their representatives.

9. Breach. Should the Respondents violate any provision of this agreement, the Division may proceed with any enforcement action it concludes is warranted, including an action based on the allegations outlined in paragraph 3 above.

DATED this 2<sup>nd</sup> day of May 2006

RESPONDENTS:

DIVISION:  
UTAH DIV. OF CONSUMER  
PROTECTION

By: /s/ TROY PETERSON  
Its Vice President

/s/ KEVIN OLSEN  
KEVIN OLSEN, DIRECTOR  
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